

HOUSE BILL No. 1835

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.1-4-2; IC 6-3.1-4-6.

Synopsis: Research and development tax credit. Eliminates the apportionment formula from the income tax credit for research and development expenses. Extends the credit from 2002 to 2005.

Effective: January 1, 2002.

Leuck, Wolkins, Kuzman, Yount

January 17, 2001, read first time and referred to Committee on Ways and Means.

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Introduced

First Regular Session 112th General Assembly (2001)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2000 General Assembly.

HOUSE BILL No. 1835

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-3.1-4-2 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 2. (a) A taxpayer
3 who incurs Indiana qualified research expense in a particular taxable
4 year is entitled to a research expense tax credit for the taxable year

5 (b) ~~A taxpayer who does not have income apportioned to this state~~
6 ~~for a taxable year under IC 6-3-2-2 is entitled to a research expense tax~~
7 ~~credit for the taxable year~~ in the amount of the product of:

8 (1) five percent (5%); multiplied by

9 (2) the remainder of the taxpayer's Indiana qualified research
10 expenses for the taxable year, minus:

11 (A) the taxpayer's base period Indiana qualified research
12 expenses, for taxable years beginning before January 1, 1990;

13 or

14 (B) the taxpayer's base amount, for taxable years beginning
15 after December 31, 1989.

16 (c) ~~A taxpayer who has income apportioned to this state for a~~
17 ~~taxable year under IC 6-3-2-2 is entitled to a research expense tax~~

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credit for the taxable year in the amount of the lesser of:

(1) the amount determined under subsection (b); or

(2) five percent (5%) multiplied by the remainder of the taxpayer's total qualified research expenses for the taxable year, minus:

(A) the taxpayer's base period research expenses, for taxable years beginning before January 1, 1990; or

(B) the taxpayer's base amount, for taxable years beginning after December 31, 1989;

further multiplied by the percentage determined under IC 6-3-2-2 for the apportionment of the taxpayer's income for the taxable year to this state.

SECTION 2. IC 6-3.1-4-6, AS AMENDED BY P.L.4-2000, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 6. Notwithstanding the other provisions of this chapter, a taxpayer is not entitled to a credit for Indiana qualified research expense incurred after December 31, ~~2002~~ **2005**. Notwithstanding Section 41 of the Internal Revenue Code, the termination date in Section 41(h) of the Internal Revenue Code does not apply to a taxpayer who is eligible for the credit under this chapter for the taxable year in which the Indiana qualified research expense is incurred.

SECTION 3. [EFFECTIVE JANUARY 1, 2002] **IC 6-3.1-4-2 and IC 6-3.1-4-6, both as amended by this act, apply to taxable years beginning after December 31, 2001.**

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